

## Message Text

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PAGE 01 BRIDGE 00553 291721Z

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ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 SPC-03 IO-14 AID-20 STR-08 EB-11

COME-00 FRB-02 TRSE-00 OMB-01 XMB-07 CIAE-00 INR-10

NSAE-00 RSC-01 DRC-01 /119 W  
----- 012035

R 282132Z MAR 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 6937

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E.O. 11652: DECLASSIFY FOLLOWING DEC 31, 1975

TAGS: EAID, EFIN, EGEN, BB

SUBJ: IDB LOAN PROGRAM 1974-76

REF: STATE 047650

1. MOST OF PROJECTS LISTED FOR POSSIBLE IDB FUNDING IN 1974-76 ARE OF HIGH PRIORITY FOR EITHER NATIONAL DEVELOPMENT OR FOR IMPROVING QUALITY OF LIFE-HEALTH OF INHABITANTS. OUR COMMENTARY IS BY NECESSITY LIMITED AND INCOMPLETE SINCE WE HAVE NOT VENTURED TO DISCUSS ANY OF PROJECTS WITH HC, LOCAL IDB REP. OR OTHER FOREIGN NATIONALS AS PER INSTRUCTIONS IN REFTEL. ONLY PROJECTS OF WHICH WE HAVE NO SPECIFIC PRIOR KNOWLEDGE ARE MEDICAL CENTER (US \$1 MILLION) AND INDUSTRY AND TOURISM LOAN (US \$2.0 MILLION) TO BDB. WE DO KNOW HOWEVER, THAT GOB DOES HAVE FAIRLY DEFINITE PLANS FOR CONSTRUCTION OF OUT-PATIENT CLINIC AND SEVERAL DISTRICT MATERNITY HOSPITALS SOMETIME DURING FY BEGINNING APRIL 1, 1974, AND HEALTH MINISTER HAS MENTIONED LESS DEFINITE PLANS FOR MULTI-PURPOSE CLINICS FURTHER IN FUTURE. WE ALSO PRESUME US \$2 MILLION LOAN TO BARBADOS DEVELOPMENT BANK (BDB) IN 1975/6 WILL BE SIMILAR TO US \$1 MILLION INDUSTRY/TOURISM LOAN NEGOTIATED IN 1972 WITH THAT INSTITUTION.

2. FISHERIES AND PORT IMPROVEMENT PROJECTS, AGRICULTURAL  
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PAGE 02 BRIDGE 00553 291721Z

DIVERSIFICATION AND POLYTECHNIC SCHOOL ARE CONSIDERED HIGHEST

PRIORITY FOLLOWED BY BRIDGETOWN SEWERAGE SYSTEM. WE PRESUME BDB LOAN AND MEDICAL CENTER WOULD BE OF LESS IMMEDIATE CONCERN. GOB PLANNING UNIT (IN FINANCE MINISTRY) CAN BE RELIED ON TO COORDINATE ABOVE PROJECTS WITH ACTIVITIES OF OTHER DONORS AND WITH OTHER GOB DEVELOPMENT PLANS. IN VIEW OF LIMITED GOB SOURCES OF EXTERNAL FUNDING THERE WOULD BE LITTLE LIKELIHOOD OF ANY CONFLICT OR DUPLICATION.

3. WE SEE THREE POSSIBLE PROBLEM AREAS: (A) COSTS: BARBADOS EXPERIENCED AN INFLATION RATE OF 26 PERCENT IN 1973 AND PRICES ARE CONTINUING TO RISE AT LEAST AS FAST IN 1974. COSTS OF ALL PROJECTS, THEREFORE, HAVE RISEN SHARPLY AND PLANNING FIGURES EVEN A YEAR OLD WILL NEED READJUSTMENT IF NO PROVISION FOR SUCH INFLATION WAS MADE. WE WOULD ADVISE A SURVEY OF CURRENT COSTS WITH PRICE INCREASES IN MIND OF ALL PROJECTS BEFORE A FINAL DECISION. (B) MARKETING DIFFICULTIES: (AFFECTS ONLY FISHERIES AND AGRICULTURAL DIVERSIFICATION PROJECTS). BARBADOS HAS A LONG HISTORY OF MARKETING DIFFICULTIES REGARDING BOTH AGRICULTURAL GOODS AND FISH. GOB'S PRICE CONTROL SYSTEM HAS FREQUENTLY BEEN INADEQUATE AND DISRUPTIVE TO MARKETING PROCESS. ADDITIONALLY, GOB'S BARBADOS MARKETING CORPORATION (BMC), SOLE PURCHASER OF AGRICULTURAL PRODUCTS AND FOOD, HAS BEEN PLAGUED FOR SOME TIME BY MISMANAGEMENT AND INEPTNESS, ESPECIALLY REGARDING FINANCES. PREPARATION FOR BOTH FISHERIES AND AGRICULTURAL PROJECTS SHOULD INCLUDE ADEQUATE ATTENTION TO PROVISION OF STABLE MARKETING SYSTEM WITHOUT CUMBERSOME PRICE CONTROL MECHANISMS. (C) POLITICAL PROBLEMS: ONE PROJECT, BRIDGETOWN SEWERAGE SYSTEM, MAY BE SOMEWHAT VULNERABLE TO BEING CAUGHT UP IN POLITICAL CROSS FIRE. NO ONE QUESTIONS OBVIOUS NEED FOR SUCH A SYSTEM BUT PROPOSED LOCATION OF TREATMENT PLANT AND RELOCATION OF RESIDENTS THERE HAVE BEEN SUBJECTS OF POLITICAL CONTROVERSY FOR SOME MONTHS NOW. WE HAVE EVERY REASON TO BELIEVE THAT GOB CAN SUCCESSFULLY RESOLVE THESE PROBLEMS BUT RECOMMEND THAT IDB ADDRESS SUBJECT DURING LOAN NEGOTIATIONS WITH VIEW TOWARDS IMPRESSING GOB WITH DESIRABILITY OF EARLY SOLUTION.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOURISM, DEVELOPMENT LOANS, PROGRAMS (PROJECTS), MEDICAL FACILITIES, AGRICULTURAL PROGRAMS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BRIDGE00553  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740070-0090  
**From:** BRIDGETOWN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974039/aaaaahsa.tel  
**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 047650  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 SEP 2002 by WorrelSW>; APPROVED <10-Sep-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IDB LOAN PROGRAM 1974-76  
**TAGS:** EAID, EFIN, EGEN, BB, US, IDB  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005